

# STATE OF INDIANA INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA-AMERICAN	)	
WATER COMPANY, INC. FOR	)	
AUTHORITY TO INCREASE ITS RATES	)	
AND CHARGES FOR WATER AND	)	CAUSE NO. 43187
SEWER SERVICE, FOR APPROVAL OF	)	
NEW SCHEDULES OF RATES AND	)	FII FD
CHARGES APPLICABLE THERETO,	)	FILLU
AND FOR APPROVAL OF CERTAIN	)	4 0 2007
TARIFF CHANGES TO IMPLEMENT A	)	JAN <b>1 8</b> 2007
TRACKING MECHANISM FOR	)	INDIANA IITII ITV
PURCHASED POWER COSTS		INDIANA UTILITY
		REGULATORY COMMISSION

#### **SUBMISSION OF OMITTED ATTACHMENT**

Petitioner, Indiana-American Water Company, Inc. ("Petitioner") by counsel, submits herewith an attachment which it neglected to file with the Response to OUCC's Notice of Non-Compliance, which was filed late in the afternoon on January 17, 2007.

Respectfully submitted,

Daniel W. McGill, Atty No. 9489-49

Nicholas K. Kile, Atty No. 15203-53

P. Jason Stephenson, Atty No. 21839-49

Barnes & Thornburg LLP

11 South Meridian Street

Indianapolis, Indiana 46204

Telephone: (317) 231-7229

Fax: (317) 231-7433

Email: dan.mcgill@btlaw.com

nicholas.kile@btlaw.com

jason.stephenson@btlaw.com

Attorneys for Petitioner

Indiana-American Water Company, Inc.

#### CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served by First Class United States Mail, postage prepaid, upon the following, this 18<sup>th</sup> day of January, 2007.

Daniel M. Le Vay Randall Helman Office of the Utility Consumer Counselor 100 North Senate Avenue, Room N501 Indiana Government Center North Indianapolis, Indiana 46204 David M. Austen Austen Cupper & Associates, P.C. 130 North Main Street Crown Point, Indiana 46307

Peter L. Latton Clayton C. Miller Elizabeth A. Harriman Baker & Daniels, LLP 300 North Meridian Street, Suite 2700 Indianapolis, Indiana 46204 Christopher B. Gambill Wagner, Crawford and Gambill P.O. Box 1897 Terre Haute, Indiana 47808-1897

Bette J. Dodd Lewis & Kappes, P.C. One American Square, Suite 2500 Indianapolis, Indiana 46282

Nicholas K. Kile

Indiana-American Water Company, Inc. August 2006 Distribution System Infrastructure Charge Cause No. 42351 DSIC-3

## Rate of Return Summary as of June 30, 2006

Line No.	Class of Capital	Actual Amount @ 06/30/06	% of Total	(%) Cost	Weighted Cost	Pre-Tax Weighted Cost
1 2	Long-term debt	\$251,302,578	48.84%	6.85%	3.35%	3.35%
3 4	Deferred income taxes	57,301,448	11.14%	0.00%	0.00%	0.00%
5 6 7	Accumulated depreciation on contributed utility plant for Muncie Sewer	49,239	Q. <b>01</b> %	0.00%	0.00%	0.00%
8 9	Post Retirement Benefits, net	2,339,769	0.45%	0.00%	0.00%	0.00%
10 11 12	Accumulated deferred investment tax credits - Pre 1971	90,801	0.02%	0.00%	0.00%	0.00%
13 14 15	Job development investment tax credits (JDITC) - Post 1970	2,305,124	0.45%	7.91%	0.04%	0.07%
16 17	Preferred stock	360,000	0.07%	6.00%	0.00%	0.00%
18 19 20	Common equity	200,753,160	39.02%	9.25%	3.61%	6.16%
21	Total capitalization	\$514,502,120	100.00%		7.00%	9.58%
	Gross Revenue Change Less: Utilities Gross Receipts Tax Less: State Income Taxes Income before Federal Income Taxes Less Federal Income Taxes Income after Income Taxes Gross Revenue Conversion Factor	100.0000% 1.4000% 8.5000% 90.1000% 31.5350% 58.5650%				

Indiana-American Water Company, Inc. August 2006 Distribution System Infrastructure Charge Cause No. 42351 DSIC-3

### Cost of Long-Term Debt as of June 30, 2006

No.	Debt Issue Type Coupon Rate (COL. 1)		Date Issued (COL. 2)	Maturity Date (COL. 3)	Principal Amount (COL. 4)	Face Amount Outstanding @ 06/30/06 (COL. 5)	Unamortized Debt Expense @ 06/30/06 (COL. 6)	Carrying Value @ 06/30/06 (COL. 7)	Annual Interest (COL. 8)	Annual Amortization (COL. 9)	Total Annual Cost (COL. 10)
1	First Mortgag	e Bonds									
2	7.300%	Series N	3/1/93	3/1/08	\$12,500,000	\$2,276,000	\$13,091	\$2,262,909	\$166,148	\$7.854	\$174,002
3	6.990%	Series B	1/1/94	1/1/24	9,000,000	9,000,000	149,100	8,850,900	629,100	8,520	637,620
4	5.900%	Series C	6/1/96	6/1/26	10,000,000	9,985,000	326,235	9,658,765	589,115	16,380	605,495
5	5.000%	Series D	12/1/98	12/1/28	8,000,000	7,965,000	720,382	7,244,618	398,250	32,136	430,386
6							•				,
· 7	General Mort	gage Bonds		•							
8	8.980%	Series	3/01/90	3/01/10	7,100,000	7,100,000	10,648	7,089,352	637,580	2,904	640,484
9	7.110%	Series	5/11/94	5/01/24	15,500,000	15,500,000	72,974	15,427,026	1,102,050	4,092	1,106,142
10	7.380%	Series	9/01/95	9/01/15	12,000,000	12,000,000	90,750	11,909,250	885,600	9,900	895,500
11	7.450%	Series	12/01/95	9/01/15	28,000,000	28,000,000	66,220	27,933,780	2,086,000	7,224	2.093,224
12	7.800%	Series	7/01/97	7/01/27	10,000,000	10,000,000	37,044	9,962,956	780,000	1,764	781,764
13	7.490%	Series	7/01/97	7/01/07	10,000,000	10,000,000	5,280	9,994,720	749,000	5,280	754,280
14	6.845%	Series	7/01/98	7/01/28	19,000,000	19,000,000	92,136	18,907,864	1,300,550	4,188	1,304,738
15	6.900%	Series	7/01/99	7/01/09	20,000,000	20,000,000	25,956	19,974,044	1,380,000	8,652	1,388,652
16							•				
17		company Borrowing									
18	6.870%	Series	3/30/01	3/29/11	\$38,000,000	\$38,000,000	\$121,454	\$37,878,546	\$2,610,600	\$25,569	\$2,636,169
19	4.920%	Series	1/14/02	11/6/06	904,236	904,236	28	904,208	44,488	83	44,571
20	5.650%	Series	6/12/02	6/12/07	13,000,000	13,000,000	7,015	12,992,985	734,500	7,653	742,153
21	5.650%	Series	9/30/02	6/12/07	18,000,000	18,000,000	23,472	17,976,528	1,017,000	25,606	1,042,606
22	6.050%	Series	12/1/03	12/1/33	16,000,000	16,000,000	23,881	15,976,119	968,000	871	968,871
23											
24		/ Government Related									
25	5.900%	Bonds	9/01/92	9/01/22	\$8,200,000	\$8,085,000	\$271,988	\$7,813,012	\$477,015	\$16,824	\$493,839
26	5.350%	Bonds	12/01/93	9/01/23	8,000,000	7,700,000	298,288	7,401,712	411,950	17,376	429,326
27	2.900%	S R F - Prairieton	1/5/01	1/1/21	425,109	330,000	10,983	319,017	9,570	757	10,327
28	2.900%	SRF-Gary	6/15/01	7/1/21	904,986	832,000	7,733	824,267	24,128	516	24,644
29		-					,	,	•		• • • • •
30	Obligations -	Capital Leases			\$0	\$0		\$0			\$0
31	_	•						,			**
32				•					***************************************		
33	•	l'otais		_	\$264,534,331	\$253,677,236	\$2,374,658	\$251,302,578	\$17,000,644	\$204,149	\$17,204,793
34				•							
35	(	Cost of long-term deb	t								
36		(Col. 10 / Col. 7)									6.85%

Indiana-American Water Company, Inc. August 2006 Distribution System Infrastructure Charge Cause No. 42351 DSIC-3 Petitioner Exhibit GMV-3 Page 3 of 3

### Pro Forma Cost of Preferred Stock as of June 30, 2006

Line No.	Divi	dend Rate, Par Value (Col. 1)		Date Issued (Col. 2)	Amount Outstanding at Par @ 06/30/06 (Col. 3)	Premium or Discount (Col. 4)	Unamortized Issue Expense @ 06/30/06 (Coi. 5)	Net Proceeds @ 06/30/06 (Col. 6)	Annual Amortization (Col. 7)	Annual Dividends (Col. 8)	Total Annual Cost (Col. 9)
1 2 3 4	Cumulative 6.000%		tock \$100 par	1967	²\$360,000	\$0	\$0	\$360,000	\$0	\$21,600	\$21,600
5 6 7		Totals			\$360,000	\$0	\$0	\$360,000	\$0	\$21,600	\$21,600
8 9 10		Cost of pre (Col. 9 / C	ferred stock ol. 6)							. =	6.00%

Petitioner's Exhibit JMJ-1 Schedule 1 Page 1 of 4 Cause No. 43187

## Pro Forma Rate of Return Summary as of June 30, 2006

•		Pro Forma			
Line		Amount	% of	(%)	Weighted
No.	Class of Capital	@ 12/31/06	Total	Cost	Cost
4	l amonda ana da ba		47 AAA	0.700/	0.00%
1	Long-term debt	\$249,879,885	47.99%	6.79%	3.26%
2	<b>-</b>				
3	Deferred income taxes	57,758,673	11.09%	0.00%	0.00%
4	•				
5	Accumulated depreciation on contributed			•	
6	utility plant for Muncie Sewer	52,244	0.01%	0.00%	0.00%
7					
8	Post Retirement Benefits, net	2,877,637	0.55%	0.00%	0.00%
9 .				••••	,
10	Accumulated deferred investment				
11	tax credits - Pre 1971	81,597	0.02%	0.00%	0.00%
12	•				
. 13	Job development investment tax				•
14	credits (JDITC) - Post 1970	2,199,350	0.42%	8.92%	0.04%
15		_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		5,54,1	***************************************
16	Preferred stock	330,000	0.06%	6.00%	0.00%
17	Tratalia Stock	000,000	0.0070	0.0070	3.3070
	Common occupy	207,508,938	39.86%	11.50%	4.58%
18	Common equity	207,500,936	39.0076	11.50%	4.36%
19					
20			•		
21	Total capitalization	\$520,688,325	100.00%		7.88%

Replaces p. 2 behind Tab 61